

Message Text

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ACTION SS-30

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC IMMEDIATE 6170

C O N F I D E N T I A L SAN JOSE 0493

EXDIS

E.O. 11652: XGDS

TAGS: PFOR, CS

SUBJECT: VESCO CASE: PRESIDENT-ELECT ODUBER
ASKS FOR BRIEFING ON VESCO CASE

1. DURING MY REVIEW OF US/CR RELATIONS WITH PRESIDENT-ELECT DANIEL ODUBER (REPORTED SEPARATELY) THE LATTER SAID HE WOULD LIKE TO HAVE, WITHIN TWO WEEKS IF POSSIBLE, A THOROUGH BRIEFING BY USG EXPERTS ON THE VESCO CASE. HE SAID HE HAS HEARD SO MANY VAGUE AND CONFUSING CHARGES AND COUNTER-CHARGES THAT HE DOES NOT KNOW WHAT THE CASE AGAINST VESCO REALLY IS AND WHAT THE SITUATION IS. HE ALSO ASKED FOR A BRIEFING ON WHAT WE MAY KNOW ABOUT MCALPIN AND CAPITAL GROWTH FUND. HE SAID HE WOULD LIKE TO GET THE FACTS CLEARLY IN MIND SO THAT HE CAN DECIDE WHAT TO DO ABOUT THE VESCO SITUATION ONCE HE TAKES OFFICE. HE FURTHER ADDED THAT HE WOULD LIKE TO KEEP THE FACT THAT HE RECEIVED SUCH A BRIEFING CONFIDENTIAL AND HE DOES NOT WANT FEGUERES TO KNOW ABOUT IT. SINCE ODUBER PLANS TO TAKE A TRIP THE WEEK OF FEBRUARY 18 TO VENEZUELA AND PUERTO RICO, AND TO INCLUDE SEVERAL DAYS REST AT A FRIEND'S HOUSE IN KEY WEST, FLORIDA, I SUGGESTED THAT THE BRIEFING BE GIVEN TO HIM THERE. HE AGREED, AND WILL LET US KNOW EARLY

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NEXT WEEK WHAT THE DATES AND ADDRESS WILL BE. I THINK IT UNDESIRABLE TO ATTEMPT SUCH A BRIEFING HERE IN COSTA RICA GIVEN ODUBER'S DESIRE FOR SECRECY, AND THEREFORE ODUBER'S

PRESENCE IN FLORIDA IS FORTUNATE AND GIVES US
AN EXCELLENT WAY TO MEET THIS REQUEST.

2. ODUBER SAID THAT FIGUERES HAD BEEN PRESSING
HIM TO HAVE LUNCH WITH VESCO BUT HE HAS NOT DONE
SO YET. HE KNOWS THAT THE VESCO SITUATION IS
A PROBLEM AREA BETWEEN OUR TWO COUNTRIES, AND
HE SAID THAT WHILE HE WOULD LIKE TO SEE
INVESTMENT IN COSTA RICA HE DOES NOT WANT
TO BE CHARGED WITH ACCEPTING MONEY TAKEN FROM
"10,000 SMALL INVESTORS" ALL OVER THE WORLD.
HE SAID THAT THE RELATIONSHIP BETWEEN VESCO
AND FIGUERES IS CLOSE SO THAT VESCO MAY
BECOME A POINT OF FRICTION BETWEEN HIM
AND FIGUERES. HE SAID THAT HE HAD HEARD
THAT \$60 MILLION HAD BEEN INVESTED IN COSTA
RICA; HE WOULD LIKE TO KNOW WHERE IT IS. I
REPLIED THAT ONE OF THE SEC'S INTEREST WAS
PRECISELY IN TRACING THIS MONEY, AND THAT HIS
ADMINISTRATION'S COOPERATION WOULD BE VERY
HELPFUL WITH RESPECT TO TRACING ASSETS. HE SAID
HE WAS NOT ILL DISPOSED TO THIS, BUT HE WANTS
TO KNOW THE FACTS FIRST.

3. I BELIEVE THIS IS AN EXCELLENT CHANCE TO
EXPLAIN THE SITUATION TO ODUBER. AT LEAST, WE
HAVE NOTHING TO LOSE. ODUBER DOES NOT HAVE THE
COMMITMENT TO PROTECTING VESCO THAT FIGUERES
HAS, AND I THINK HE HAS AN OPEN MIND. THEREFORE,
HIS GOVERNMENT MAY BE MORE SYMPATHETIC TO THE USG
POINT OF VIEW THAN THE CURRENT ADMINISTRATION.
(ODUBER TOLD ME THAT HE WOULD REAPPOINT FACIO
AS FOREIGN MINISTER, BUT THAT HE HAS OFFERED THE
JOB ONLY ON THE EXPRESS CONDITION THAT FACIO
CUT ALL HIS TIES WITH VESCO AND HAVE NOTHING
TO DO WITH THE GROUP IN THE FUTURE. HE SAID
FACIO AGREED.)
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4. WHILE THIS IS A GREAT OPPORTUNITY, IT
IS ALSO A SENSITIVE ONE. HOW THE BRIEFING
IS HANDLED, WHAT IT COVERS AND WHO PRESENTS
IT ARE ALL HIGHLY IMPORTANT POINTS. ODUBER
WANTS AN OBJECTIVE LAYING OUT OF THE CASE,
ITS COMPLEXITIES AND THE CHARGES, NOT AN
ADVOCACY PLEA. HE WILL WANT TO MAKE UP HIS
OWN MIND AS TO WHAT HE DOES. WHILE I THINK
HE MIGHT EVEN BE DISPOSED TO COOPERATE IN ANY
INVESTIGATION, THIS IS NOT CERTAIN, AND HE
WILL SURELY REACT BADLY TO BEING PRESSURED.
THEREFORE, A STRAIGHT, CAREFUL, MEASURED
BRIEFING IS WHAT IS REQUIRED. SEC OFFICIALS

APPEAR TO BE THE INDICATED BRIEFERS. IT MAY
ALSO BE USEFUL, HOWEVER, TO BRIEF ODUBER ON

THE CRIMINAL ASPECTS OF PENDING LITIGATION
AGAINST VESCO, E.G. THE OBSTRUCTION OF JUSTICE
CHARGE, AND THEREFORE DEPARTMENT OF JUSTICE
PERSONNEL MIGHT ALSO BE INCLUDED. GIVEN THE
COMPLEXITIES OF THE INTERNATIONAL ASPECTS SUCH
AS EXTRADITION, ETC., I STRONGLY RECOMMEND THAT IF
AT ALL POSSIBLE MARK FELDMAN OF L, WHO IS
GENERALLY FAMILIAR WITH THE VESCO CASE, LEAD
THE GROUP AND HANDLE THE BRIEFING WITH SEC AND
JUSTICE PARTICIPANTS. ODUBER IS HIMSELF A LAWYER
AND HE SPEAKS EXCELLENT ENGLISH.

5. ACTION REQUESTED: I STRONGLY URGE THE
DEPARTMENT TO TAKE IMMEDIATE STEPS TO STRUCTURE
A BRIEFING ALONG THE LINES SUGGESTED TO BE
GIVEN IN FLORIDA. WE WILL CABLE DATES AND
PLACE NEXT WEEK, BUT I HOPE THAT STEPS CAN BE
TAKEN NOW TO ORGANIZE THE BRIEFING. PLEASE
CONFIRM.
VAKY

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